

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-414-WS

May 28, 2008

Joint Application of Haig Point, Inc. and CK)	EXPLANATORY BRIEF AND
Materials, LLC for Approval of the Sale,)	JOINT MOTION TO APPROVE
Transfer of Stock, Assets and Operating Authority)	SETTLEMENT AGREEMENT
Of Haig Point Utility Company, Inc.)	AND REQUEST FOR
<hr/>)	EXPEDITED REVIEW

Haig Point, Inc. (“HPI”), CK Materials LLC (“CK”), Haig Point Club and Community Association, Inc. (“HPCCA”), and the South Carolina Office of Regulatory Staff (“ORS”) (together referred to as the “Parties” or sometimes individually as “Party”), pursuant to 26 S.C. Code Ann. Regs. 103-829, the Settlement Policies and Procedures of the Public Service Commission of South Carolina (“the Commission”), revised June 13, 2006, and other applicable statutes, rules and regulations, hereby file this Explanatory Brief and Joint Motion to approve the proposed settlement agreement in the above-captioned proceeding and request expedited review. In support of this Joint Motion, the Parties state as follows:

1. On or about November 16, 2007, HPI and CK filed a Joint Application pursuant to the procedure established in 26 S.C. Code Ann. Regs 103-504 and 103-704 (Supp. 2007), seeking approval of the sale, transfer of stock, assets and operating authority of Haig Point Utility Company, Inc. (“HPUC”) to CK. Pursuant to S.C. Code Ann. Section 58-4-10(B), ORS is a party of record in this proceeding.

2. On December 20, 2007, HPCCA, an association whose members are water and sewer utility customers of HPUC, intervened.

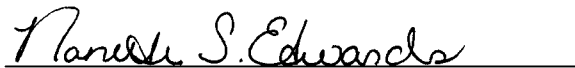
3. Following extensive negotiations, the Parties have determined that their interests and ORS has determined that the public interest, would best be served by stipulating to a comprehensive settlement of all issues pending in the above-captioned proceeding. The Agreement detailing the terms and conditions of the Settlement is provided as Attachment "A". Furthermore, the Parties stipulate and agree that the prefiled testimonies of Trent Thompson, Terry R. Lee, Jamie Karabinchak, John Guastella, Willie J. Morgan, and Jeffrey P. Debessonet be entered into the record in support of the sale and transfer of stock, assets and operating authority of HPUC to CK.

4. Currently, there is no hearing scheduled for this matter as the Parties requested that any such date be suspended or cancelled while settlement negotiations continued. The Parties jointly move that the Commission approved the Settlement Agreement in its entirety and submit that the Agreement fairly addresses the concerns of the Parties, requires CK to provide quality water and sewer service, and otherwise complies with the Commission's rules and regulations. The Parties jointly move for approval of the Agreement as being in the public interest and move for approval of the proposed transaction. Additionally, the Parties request that the Commission waive the requirement for a hearing in this matter as no party continues to contest the proposed transaction and the parties request expedited review as the current deadline for closing this transaction is set for June 18, 2008.

WHEREFORE, having fully set forth their Explanatory Brief and Joint Motion, the Parties respectfully request that the Commission 1) to approve the Settlement Agreement in its entirety; 2) approve the proposed transaction; and 3) waive the requirement for a hearing.

WE SO MOVE:

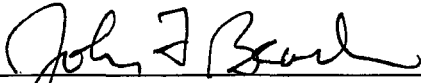
Representing the South Carolina Office of Regulatory Staff

A handwritten signature in cursive script, reading "Nanette S. Edwards", is written over a horizontal line.

Nanette S. Edwards, Esquire
South Carolina Office of Regulatory Staff
Post Office Box 11263
1441 Main Street (Suite 300)
Columbia, SC 29211
Phone: (803) 737-0575
(803) 737-0889
Fax: (803) 737-0895
E-mail: nsedwar@regstaff.sc.gov

WE SO MOVE:

Representing Haig Point Club and Community Association.

A handwritten signature in cursive script, reading "John F. Beach", written over a horizontal line.

John F. Beach, Esquire
Ellis, Lawhorne & Sims, P.A.
Post Office Box 2285
1501 Main Street, 5th Floor
Columbia, SC 29202
Phone: (803) 254-4190
Fax: (803) 779-4749
E-mail: jbeach@ellislawhorne.com

WE SO MOVE:

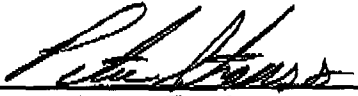
**Representing Haig Point, Inc.
Haig Point Utility Company, Inc.**

A handwritten signature in cursive script, appearing to read "Laura J. Evans", is written over a horizontal line.

Laura J. Evans, Esquire
Wilkes Bowers P.A.
171 Church Street, Suite 210
Charleston, S.C. 29401
Phone: (843) 577-9888
Fax: (843) 577-9666
Email: levans@wilkesbowers.com

WE SO MOVE:

Representing CK Materials, LLC

A handwritten signature in black ink, appearing to read "Peter J. Strauss", is written over a horizontal line.

Peter J. Strauss, Esquire
Novit & Scarminach, P.A.
The Jade Building, Suite 400
52 New Orleans Road
Hilton Head, SC 29938
Phone: (843)785-5850
Fax: (843)785-2090
Email: pstauss@ns-lawfirm.com

ATTACHMENT A

BEFORE

THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2007-414-WS

May 28, 2008

Joint Application of Haig Point, Inc. and CK)	
Materials, LLC for Approval of the Sale,)	SETTLEMENT AGREEMENT
Transfer of Stock, Assets and Operating Authority)	
<u>Of Haig Point Utility Company, Inc.</u>)	

This Settlement Agreement is made by and between Haig Point, Inc. ("HPI"), CK Materials LLC ("CK"), Haig Point Club and Community Association, Inc. ("HPCCA"), and the South Carolina Office of Regulatory Staff ("ORS") (together referred to as the "Parties" or sometimes individually as "Party").

WHEREAS, HPI and CK have prepared and filed a Joint Application seeking approval of the sale, transfer of stock, assets and operating authority of Haig Point Utility Company, Inc. ("HPUC") to CK;

WHEREAS, the above-captioned proceeding has been established by the South Carolina Public Service Commission ("Commission") pursuant to the procedure established in 26 S.C. Code Ann. Regs 103-504 and 103-704 (Supp. 2007);

WHEREAS, HPCCA, an association whose members are water and sewer utility customers of HPUC, timely intervened on December 19, 2007;

WHEREAS, ORS has reviewed the Application and prefiled testimony and, in connection therewith, has requested of and received from CK additional documentation;

WHEREAS, the Parties have varying legal positions regarding the issues in this case;

WHEREAS, the Parties have engaged in discussions to determine if a settlement of the issues would be in their best interests and in the case of ORS, in the public interest;

WHEREAS, following those discussions the Parties have determined that their interests and ORS has determined that the public interest would be best served by stipulating to a comprehensive settlement of all issues pending in the above-captioned case under the terms and conditions set forth herein;

NOW, THEREFORE, the Parties hereby stipulate and agree to the following terms:

1. The Parties stipulate and agree that the prefiled testimonies of Trent Thompson, Terry R. Lee, Jamie Karabinchak, John Guastella, Willie J. Morgan, and Jeffrey P. Debessonnet be entered into the record as evidence and support that the sale and transfer of stock, assets and operating authority of HPUC to CK is in the public interest. This Agreement does not bar or otherwise limit any party from contesting any portion of these prefiled testimonies in any future Commission docket or other legal proceeding.

2. The Parties further stipulate and agree that the commitments set forth by and between CK, HPCCA, and International Paper Company in Exhibit "A", are incorporated herein by reference. Notwithstanding any statement contained in the documents set forth in Exhibit A, the Letter of Credit to be maintained by International Paper shall remain in place for one year from the date of Commission approval. ORS accepts and agrees that the terms and conditions set forth in Exhibit A are in the public interest provided that all Parties acknowledge and agree that nothing contained in Exhibit A will hinder or prevent CK from providing temporary emergency services to any area outside HPPCA in the event of a disaster or other force majeure event.

3. ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code § 58-4-10(B) (added by Act 175). S.C. Code § 58-4-10(B)(1) through (3) reads in part as follows:

... 'public interest' means a balancing of the following:

- (1) concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) economic development and job attraction and retention in South Carolina; and
- (3) preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

The agreement reached between the Parties serves the public interest as defined above. The terms of this Settlement Agreement balance the concerns of the using public while preserving the financial integrity of the Company. ORS believes the Settlement Agreement promotes economic development within the State of South Carolina. The Parties stipulate and agree to these findings.

4. CK agrees to file with the Commission performance bonds for water and sewer service in the amount of \$350,000 each will be in place by May 31, 2008.

5. CK agrees to maintain its books and records in accordance with the National Association of Regulatory Utility Commissioners (NARUC) Uniform Systems of Accounts.

6. The Parties agree that the Commission's acceptance and approval of this Settlement Agreement shall also require and include the Commission's acceptance and approval of the Agreements attached hereto as Exhibit A, and that, upon the Commission's acceptance and approval of the same, CK and HPCCA agree and ORS does not oppose that the Commission shall thereafter have jurisdiction to enforce the terms of the Agreements attached hereto as Exhibit A upon the petition and request of any affected Party.

7. The Parties agree to advocate that the Commission accept and approve this Settlement Agreement in its entirety as a fair, reasonable and full resolution of the above-captioned proceeding and to take no action inconsistent with its adoption by the Commission. The Parties further agree to cooperate in good faith with one another in recommending to the Commission that this Settlement Agreement be accepted and approved by the Commission. The Parties agree to use reasonable efforts to defend and support any Commission order issued approving this Settlement Agreement and the terms and conditions contained herein.

8. The Parties agree not to introduce or use this Settlement Agreement to constrain, inhibit, impair, or prejudice the other party in other proceedings. If the Commission should decline to approve the agreement in its entirety, then any Party desiring to do so may withdraw from the Settlement Agreement without penalty or obligation.

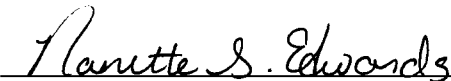
9. This Settlement Agreement shall be interpreted according to South Carolina law.

10. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Settlement Agreement by affixing its signature or by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Settlement Agreement. The Parties agree that in the event any Party should fail to indicate its consent to this Settlement Agreement and the terms contained herein, then this Settlement Agreement shall be null and void and will not be binding on any Party.

SIGNATURES FOLLOW

WE AGREE:

Representing the South Carolina Office of Regulatory Staff



Nanette S. Edwards, Esquire

South Carolina Office of Regulatory Staff

Post Office Box 11263

1441 Main Street (Suite 300)

Columbia, SC 29211

Phone: (803) 737-0575

(803) 737-0889

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E-mail: nsedwar@regstaff.sc.gov

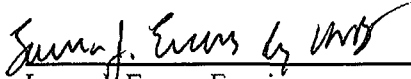
WE AGREE:

Haig Point Club and Community Association, Inc.

By: Steve Shields
Its President

WE AGREE:

**Representing Haig Point, Inc.
Haig Point Utility Company, Inc.**

A handwritten signature in cursive script, appearing to read "Laura J. Evans", is written over a horizontal line.

Laura J. Evans, Esquire

Wilkes Bowers P.A.

171 Church Street, Suite 210

Charleston, S.C. 29401

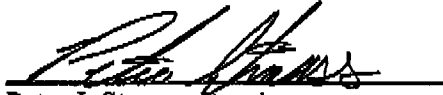
Phone: (843) 577-9888

Fax: (843) 577-9666

Email: levans@wilkesbowers.com

WE AGREE:

Representing CK Materials, LLC

A handwritten signature in black ink, appearing to read "Peter Strauss", is written over a horizontal line.

Peter J. Strauss, Esquire

Novit & Scarminach, P.A.

The Jade Building, Suite 400

52 New Orleans Road

Hilton Head, SC 29938

Phone: (843)785-5850

Fax: (843)785-2090

Email: pstauss@ns-lawfirm.com

John F. Beach
Direct dial: 803/343-1269
jbeach@ellislawhorne.com

April 23, 2008

VIA ELECTRONIC AND FIRST-CLASS MAIL SERVICE

Peter J. Strauss, Esquire
Novit & Scarminach, P.A.
The Jade Building, Suite 400
52 New Orleans Road
P.O. Drawer 14
Hilton Head Island, SC 29938

RE: Joint Application of Haig Point Utility Company, Inc. and CK Materials, LLC for Approval of the Sale, Transfer of Stock, Assets and Operating Authority of Haig Point Utility Company, Inc.
Docket No. 2007-414-W/S, ELS File No. 1030-11565

Dear Peter:

I am writing on behalf of Haig Point Club and Community Association, Inc. ("HPCCA") to set forth the final Agreement that HPCCA and CK Materials, LLC have reached in settlement of all of HPCCA's concerns in this matter.

1. Performance Bonds:

CK Materials agrees that it will maintain and keep on file with the Commission two \$350,000 performance bonds: one for water and one for sewer. CK Materials agrees that these performance bonds will always be maintained with a commercial bonding and/or insurance entity possessing an A.M. Best Financial Strength Rating (or its equivalent) of A- or better.

CK Materials acknowledges that the current bond amounts are the maximum amount required by the Commission at this time. Should the Commission increase the maximum bond amount at any time, CK Materials agrees to increase both the water and sewer bond CK Materials and/or HPUC have in place to that new maximum amount.

CK Materials agrees that in no event shall it or HPUC ever attempt to satisfy its bonding requirements through a personal or individual surety bond, or any other form of guaranty other than as set forth in the two immediately preceding paragraphs.

2. Letter of Credit:

International Paper Company shall keep in effect the JPMorgan Letter of Credit issued November 7, 2003 in the amount of \$450,000 to Haig Point Club and Community Association,

JK

Inc. (the "LOC") for the time period of one (1) year from the date it closes the purchase transaction, or the date the Public Service Commission approves this transfer, whichever is later.

3. Water Availability:

- a. CK Materials agrees that HPUC shall provide safe and adequate water to current and future members of the HPCCA through "Build-Out". CK Materials commits that HPUC will provide HPCCA and its members the total water volume "at Build-Out" in an amount per residential and commercial customer as determined to be adequate by South Carolina Department of Health and Environmental Control ("DHEC").
- b. CK Materials agrees that neither it nor HPUC will provide water to any new or additional customers outside of the HPCCA members and HPUC's current customers unless it first 1) at least ninety (90) days before seeking regulatory approval to provide such additional service, provides written notice of its intention to provide such additional service, including the details and scope of such additional service, to the Chairman of the HPCCA Board of Directors and 2) receives permission from DHEC to extend service to the new customers, as determined by DHEC. In the event that HPUC, after a diligent effort, is unable to obtain DHEC approval for such expansion, HPUC may request HPCCA's written agreement to deviate from this requirement, and HPCCA shall not unreasonably withhold such written agreement.
- c. CK Materials agrees that, upon Commission approval of the Transfer, it will immediately inform DHEC - through a formal filing - of the contractual and regulatory commitment to reserve water volume as set forth above. CK Materials and HPCCA agree that DHEC shall have the independent right to enforce this contractual and regulatory commitment.
- d. CK Materials represents and warrants that, in the event DHEC should determine at any time that additional storage capacity is necessary, ~~CK Materials~~ ^{HPUC} will construct such additional storage capacity as is necessary in order to satisfy all applicable regulatory needs.

4. Sewer Availability:

- a. CK Materials agrees that HPUC shall provide safe and adequate sewer treatment service to current and future members of the HPCCA through "Build-Out".

5. Ownership of CK Materials

CK Materials represents and warrants that HPUC will be owned by CK Materials, LLC, CK Materials will provide to HPCCA's attorney an Operating Agreement for CK Materials, LLC.

6. Management of HPUC after Transfer:

Guastella Associates, Inc. will be managing HPUC day-to-day. Management will include helping to make strategic decisions on permitting, system management, maintenance, and upgrades.

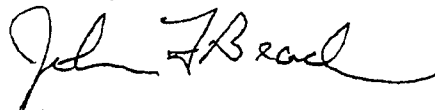
7. Haig Point Trademark:

CK Materials agrees that, upon the Commission's approval of this Transfer, it will, in a timely fashion, change the name of HPUC to a name that does not contain the words "Haig Point" and change its logo to something other than the Haig Point lighthouse.

8. Approval of Settlement by Public Service Commission:

Upon CK Materials' agreement to the matters set forth herein, and International Paper Company's agreement to the applicable matters set forth under the heading "Letter of Credit," HPCCA and CK Materials will present testimony at the hearing in this docket, currently scheduled for April 27 at 10:30 AM, requesting approval of the Agreement, and noting that HPCCA does not oppose the subject transfer.


Sincerely,



John F. Beach

cc: Mr. Mark Nordman
Elaine Fowler, Esquire

On behalf of the CK Materials, LLC, I hereby agree to all matters set forth herein, and also that all such matters shall bind HPUC going forward, following the Public Service Commission's approval of the subject Transfer of HPUC to CK Materials, LLC.



CK Materials, LLC

E WAYNE PLUMMER
ASSISTANT VICE PRESIDENT

6400 POPLAR AVENUE
TOWER 1 - 8TH FLOOR
MEMPHIS TN 38197

T (901) 419 - 1855
F (901) 214 - 2833
e-mail: e.plummer@ipaper.com

May 2, 2008

John F. Beach, Esquire
Ellis Lawhorne & Sims, PA
PO Box 2285
Columbia, SC 29202

Re: Joint Application of Haig Point, Inc. and CK Materials, LLC for Approval of the Sale,
Transfer of Stock, Assets and Operating Authority of Haig Point Utility Company,
Incorporated
Docket No.: 2007-414-WS, WB File No. 28-026

Dear John:


I am writing on behalf of Haig Point, Inc. and International Paper Company ("IP") (collectively the "IP Entities") to set forth the agreement that the IP Entities and Haig Point Club and Community Association, Inc. ("HPCCA") have reached in the above-referenced matter ("Agreement"). This Agreement is separate and distinct from any settlement agreement HPCCA may reach with CK Materials, LLC ("CK"). However, the settlement of any outstanding HPCCA issues or concerns with CK is contingent upon the execution of this Agreement.

In consideration of HPCCA taking such actions to which HPCCA has agreed in its separate agreement with CK, IP agrees to maintain JP Morgan Chase Bank Letter of Credit Number P-242470 ("LOC"), issued on November 7, 2003, for one (1) year from the date the South Carolina Public Service Commission ("PSC") approves the above-referenced joint application (the "LOC Extension Period"). After the PSC's approval of the joint application and the sale and transfer of Haig Point Utility Company, Inc. ("HPUC") to CK (the "Transfer"), the IP Entities shall have no obligations to HPCCA with regard to the continued operation of HPUC by CK other than the LOC Extension Period. Notwithstanding the immediately preceding sentence, this Agreement does not limit or otherwise affect any existing or future obligations that the IP Entities may have as a result of their role as the master developer of Haig Point. If the LOC is not presented during the LOC Extension Period, HPCCA shall immediately return the original LOC at the end of the LOC Extension Period to JP Morgan Chase Bank, Treasury Services, Standby Letter of Credit Department, 4th Floor, 10420 Highland Manor Drive, Tampa, Florida 33610, or to such other address as either JP Morgan Chase Bank or IP shall provide in writing to HPCCA.

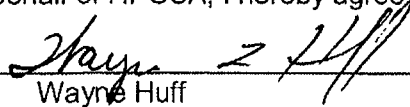
If this is acceptable to HPCCA, please set forth such agreement by signing below.

With kindest regards, I am

Sincerely,


E. Wayne Plummer
Assistant Vice President

On behalf of HPCCA, I hereby agree to all matters set forth herein.


BY: Wayne Huff
President, Haig Point Club & Community Association, Inc.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2007-414-WS

IN RE:

Joint Application of Haig Point, Inc.
and CK Material, LLC for Approval of the Sale
and Transfer of Stock, Assets, and Operating
Authority of Haig Point Utility Company, Inc.

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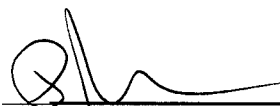
**CERTIFICATE OF
SERVICE**

This is to certify that I, Pamela J. McMullan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **EXPLANATORY BRIEF AND JOINT MOTION** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Peter J. Strauss, Esquire
Novit & Scarminach, P.A.
The Jade Building, Suite 400
52 New Orleans Road
Hilton Head, SC 29938

John F. Beach, Esquire
Ellis Lawhorne & Sims, P.A.
Post Office Box 2285
Columbia, SC 29202

Laura J. Evans, Esquire
Wilkes Bowers, P.A.
171 Church Street, Suite 210
Charleston, SC 29401



Pamela J. McMullan

May 28, 2008
Columbia, South Carolina